

TOWNSHIP OF LYNDON

REPORT ON AUDIT
OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

TOWNSHIP OF LYNDON

TOWNSHIP OFFICIALS

Supervisor - Maryann Noah
Clerk - Linda Reilly
Treasurer - Mary Jane Maze

TOWNSHIP BOARD

Kathryn Francis
Mary Jane Maze
Maryann Noah
Linda Reilly
LeeAnn Shanahan

TOWNSHIP ATTORNEY

Keusch and Flintoff, P.C.

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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August 20, 2008

Board of Trustees
Township of Lyndon
17751 N. Territorial Road
Chelsea, Michigan 48118

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Lyndon as of and for the year ended March 31, 2008, which collectively comprise the Township of Lyndon's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Lyndon's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Lyndon as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 7 through 10 and 32 and 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lyndon's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Within this section of the Township of Lyndon's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Governmental activities include such activities as general government, public safety, and planning and zoning departments. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail it's relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$1,970,813. This is a \$154,105 increase over last year's net assets of \$1,816,708.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities	
	3/31/2008	3/31/2007
Current and other assets	\$ 5,894,428	\$ 6,161,342
Capital assets	193,697	201,800
Total assets	6,088,125	6,363,142
Accounts payable and accrued expenses	81,769	77,186
Bonds payable	4,035,543	4,469,248
Total liabilities	4,117,312	4,546,434
Net assets:		
Invested in capital assets, net of related debt	193,697	201,800
Unrestricted	1,777,116	1,614,908
Total net assets	\$ 1,970,813	\$ 1,816,708

Summary of Changes in Net Assets

	Governmental Activities	
	3/31/2008	3/31/2007
Revenues		
Program revenues		
Charges for services	\$ 251,847	\$ 47,710
Operating contributions		152,976
General revenues		
State shared revenues	174,956	173,814
Property taxes	96,423	94,577
Interest income	276,502	480,059
Other income	25,180	77,516
Total revenues	824,908	1,026,652
Expenses		
General government	306,287	250,449
Fire protection	176,552	172,201
Sewer system project	3,024	503
Public works	15,993	20,676
Interest on long-term debt	168,947	198,194
Total expenses	670,803	642,023
Change in net assets	154,105	384,629
Beginning net assets- before prior period adjustment	1,816,708	1,443,044
Prior period adjustment		(10,965)
Beginning net assets - after prior period adjustment	1,816,708	1,432,079
Ending net assets	\$ 1,970,813	\$ 1,816,708

Financial Analysis of the Township's Funds

Lyndon Township reported four major funds for the year ended March 31, 2008. These funds included:

- General Fund
- Fire Fund
- Multi-Lake Phase II Debt Service Fund
- Sugarloaf Debt Service Fund

The General Fund increased its fund balance by \$56,755. This increase is comparable to the prior years.

The Fire Fund had revenues over expenditures totaling \$28,347. This is typical for this fund as it receives special assessments virtually equal to the cost of contracting fire protection services.

The Multi-Lake Phase II Debt Service Fund had revenues over expenditures totaling \$11,335. This is typical for the debt service activity in this fund.

The Sugarloaf Debt Service fund had revenues in excess of expenditures of \$148,613. This is typical for the debt service activity in this fund.

General Fund Budgetary Highlights

The Township approved a budget prior to the start of the fiscal year, and made immaterial amendments. The Township exceeded appropriates in the Township unallocated and the Township cleanup activities.

Capital Asset and Debt Administration

No capital assets were acquired or disposed of during the fiscal year. A total of \$433,705 of principal was paid on the outstanding bonds payable debt of the Township and reducing the principal owed to \$3,601,838.

Economic Conditions and Future Activities

Anticipated future decreases in state revenue sharing could have a substantial effect on operations for subsequent periods. The Township will be continuing its effort to create reserves for future capital improvements.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Lyndon at 17751 N. Territorial Road, Chelsea, MI 48118.

BASIC
FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF LYNDON
STATEMENT OF NET ASSETS
MARCH 31, 2008

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,402,107
Receivables	
Taxes	16,488
Special assessments	2,391,781
State	27,451
Accounts	42,017
Due from other funds	14,013
Prepaid expenditures	571
Capital assets-net of depreciation	<u>193,697</u>
Total assets	<u>6,088,125</u>
LIABILITIES	
Accounts payable	11,898
Accrued interest payable	69,871
Bonds payable	
Current	433,705
Non-current	<u>3,601,838</u>
Total liabilities	<u>4,117,312</u>
NET ASSETS	
Investment in capital assets, net of related debt	193,697
Unrestricted	<u>1,777,116</u>
Total net assets	<u><u>\$ 1,970,813</u></u>

The notes are an integral part of these financial statements.

TOWNSHIP OF LYNDON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
GOVERNMENTAL ACTIVITIES			
General government	\$ (306,287)	\$ 52,656	\$ (253,631)
Fire protection	(176,552)	199,191	22,639
Sewer system project	(3,024)		(3,024)
Public works	(15,993)		(15,993)
Interest on long-term debt	(168,947)		(168,947)
	<u>\$ (670,803)</u>	<u>\$ 251,847</u>	<u>(418,956)</u>
		General revenues	
		Property taxes	96,423
		State shared revenues	174,956
		Unrestricted interest earnings	
		Cash and equivalents	112,634
		Special assessments	163,868
		Other income	25,180
			<u>573,061</u>
		Total general revenues	
			154,105
		Changes in net assets	
		Net assets, April 1, 2007	1,816,708
		Net assets, March 31, 2008	<u>\$ 1,970,813</u>

The notes are an integral part of these financial statements.

FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF LYNDON
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Multi-Lake Phase II Debt Service</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 431,478	\$ 218,240	\$ 1,282,136
Receivables			
Special assessments		14,547	1,438,956
Taxes	16,488		
State shared revenues	27,451		
Accounts	1,058	2,513	29,078
Prepaid expenditure		571	
Due from other funds	5,488	3,532	2,769
	<u>5,488</u>	<u>3,532</u>	<u>2,769</u>
Total assets	<u>\$ 481,963</u>	<u>\$ 239,403</u>	<u>\$ 2,752,939</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ 11,898	\$	\$
Accrued interest			40,093
Matured bonds payable			178,205
Deferred revenues			1,438,956
	<u>11,898</u>	<u></u>	<u>1,657,254</u>
Total liabilities	<u>11,898</u>	<u></u>	<u>1,657,254</u>
Fund Balance			
Unreserved	470,065		
Designated			
Debt service			1,095,685
Fire protection		239,403	
	<u>470,065</u>	<u>239,403</u>	<u>1,095,685</u>
Total fund balance	<u>470,065</u>	<u>239,403</u>	<u>1,095,685</u>
Total liabilities fund balance	<u>\$ 481,963</u>	<u>\$ 239,403</u>	<u>\$ 2,752,939</u>

The notes are an integral part of the financial statements.

<u>Sugarloaf Debt Service</u>	<u>Other Nonmajor Funds</u>	<u>Totals</u>
\$ 1,205,855	\$ 264,398	\$ 3,402,107
856,018	82,260	2,391,781
		16,488
		27,451
8,283	1,085	42,017
		571
<u>2,175</u>	<u>49</u>	<u>14,013</u>
<u>\$ 2,072,331</u>	<u>\$ 347,792</u>	<u>\$ 5,894,428</u>

\$	\$	\$ 11,898
29,778		69,871
255,500		433,705
<u>856,018</u>	<u>82,260</u>	<u>2,377,234</u>
<u>1,141,296</u>	<u>82,260</u>	<u>2,892,708</u>
	205,884	675,949
931,035	59,648	2,086,368
<u></u>	<u></u>	<u>239,403</u>
<u>931,035</u>	<u>265,532</u>	<u>3,001,720</u>
<u>\$ 2,072,331</u>	<u>\$ 347,792</u>	<u>\$ 5,894,428</u>

TOWNSHIP OF LYNDON
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
MARCH 31, 2008

Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Total fund balance per balance sheet		\$ 3,001,720
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Historical cost	\$ 234,404	
Depreciation	<u>(40,707)</u>	
Capital assets, net of depreciation		193,697
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable (long-term portion)		(3,601,838)
Deferred revenues on special assessments was recognized as revenue in the government-wide statements. Assessments are income as they are assessed.		<u>2,377,234</u>
Net assets of governmental activities		<u><u>\$ 1,970,813</u></u>

The notes are an integral part of the financial statements.

LYNDON TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	General	Fire	Multi-Lake Phase II Debt Service
REVENUES			
Taxes	\$ 96,423	\$	\$
Special assessments-principal			153,940
Special assessments-interest			89,216
Licenses and permits	10,520		
State shared revenues	174,956		
Charges for services	52,656	199,191	
Interest	17,077	5,708	43,330
Miscellaneous	14,660		
	<u>366,292</u>	<u>204,899</u>	<u>286,486</u>
Total revenues			
EXPENDITURES			
Current			
General government	293,544		
Public safety		176,552	
Sewer project costs			37
Public works - Roads	15,993		
Debt service			
Principal			178,205
Interest			96,909
	<u>309,537</u>	<u>176,552</u>	<u>275,151</u>
Total expenditures			
Net changes in fund balances	56,755	28,347	11,335
FUND BALANCE, APRIL 1 2007	413,310	211,056	1,084,350
FUND BALANCE, MARCH 31, 2008	<u>\$ 470,065</u>	<u>\$ 239,403</u>	<u>\$ 1,095,685</u>

The notes are an integral part of the financial statements.

<u>Sugarloaf Debt Service</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
\$	\$	\$
372,620	13,710	96,423
68,527	6,126	540,270
		163,869
		10,520
		174,956
		251,847
35,508	11,011	112,634
		14,660
<u>476,655</u>	<u>30,847</u>	<u>1,365,179</u>
	4,640	298,184
		176,552
504	2,483	3,024
		15,993
255,500		433,705
<u>72,038</u>		<u>168,947</u>
<u>328,042</u>	<u>7,123</u>	<u>1,096,405</u>
148,613	23,724	268,774
<u>782,422</u>	<u>241,808</u>	<u>2,732,946</u>
<u>\$ 931,035</u>	<u>\$ 265,532</u>	<u>\$ 3,001,720</u>

TOWNSHIP OF LYNDON
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED MARCH 31, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ 268,774
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. Depreciation expense	(8,103)
Repayment of bond and contracts payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets Repayment of bonds payable	433,705
Principal received on special assessments are income as they are levied annually for governmental funds, but they are income when they are levied for the Statement of Activities. Principal collected on assessments	<u>(540,271)</u>
Change in net assets of governmental activities	<u><u>\$ 154,105</u></u>

The notes are an integral part of the financial statements.

TOWNSHIP OF LYNDON
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2008

		Current Tax Collection	Trust and Agency	Totals
	<u>ASSETS</u>			
ASSETS				
Cash		\$ 75,570	\$ 18,743	\$ 94,313
Due from others			845	845
Total assets		<u>\$ 75,570</u>	<u>\$ 19,588</u>	<u>\$ 95,158</u>
	<u>LIABILITIES</u>			
LIABILITIES				
Due to other funds		\$ 14,013	\$	\$ 14,013
Due to others		61,557	19,588	81,145
Total liabilities		<u>\$ 75,570</u>	<u>\$ 19,588</u>	<u>\$ 95,158</u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Lyndon is a general law township located in the northwest corner of Washtenaw County.

The accounting policies of the Township of Lyndon conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equal's net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

LYNDON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the Township's fire protection services. This fund is primarily funded through special assessments collected.

The Multi Lake Phase II Debt Service Fund accounts for the debt servicing activities related to the Township's participation in an area sewer authority. The debt is service from the special assessments collected to repay bonds issued.

The Sugarloaf Debt Service Fund accounts for the project costs and related debt service to connect residents to an area sewer authority. Special assessment bonds were issued to finance these connections.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.

B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

LYNDON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

D. BUDGETARY DATA

The board of trustees follows the procedures as outlined in the Uniform Budgeting Manual for Local Units of Government in Michigan in the establishment of the various annual budgets.

The supervisor prepares the annual budgets through information received by the clerk. The proposed budget is then submitted for discussion and approval by the entire Township board. The budget is approved by activity, rather than line by line. If and when it becomes necessary to amend certain amounts in the budget, a proposal outlining the desired changes is made to and approved by the Township board at any of their regular meetings. Budget appropriations made but not expended by year end will lapse with the fiscal year end. Expenditures exceeded appropriations in the Township unallocated and the Township cleanup activities.

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the Township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state at an estimated 50 percent of current market value. Real and personal property in the Township for the 2007 levy was assessed at an adjusted taxable value of \$133,289,999. The Township's general operating tax rate for the 2007 levy was .7224 mills. Taxes are due and payable by February 28. Delinquent real property taxes are returned to the County Treasurer for collection. In June 2008, the county revolving fund paid the Township for the delinquent real taxes.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

H. DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit union, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, bankers acceptances, and mutual funds composed of other wise legal investments.

I. RECEIVABLES

All receivables are reported at their net value by being reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

J. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

K. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond March 31, 2008, are recorded as prepaid expenditures

L. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and the Michigan Business Tax.

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Lyndon as the primary government have been included in the financial statements.

The following potential component units has been evaluated under the criteria established by GASB statement number 39 and determined not to be component units based on financial independence and accountability:

1. Multi Lake Sewer and Water Authority - The Township of Lyndon appoints two members of the authority's six member board. The authority is fiscally independent from the Township. The authority is audited as an independent entity in compliance with Public Act 2.
2. Chelsea Area Construction Agency - Lyndon Township appoints one member of the agency's six member board. The agency is fiscally independent from the Township. The agency is audited as an independent entity in compliance with Public Act 2.
3. Leoni Regional Utility Authority - The authority is an interlocal agreement which includes several area Townships. Lyndon Township appoints one member to the authority's board. The authority is audited as an independent entity in compliance with Public Act 2.
4. Sylvan Township Sewer and Water Authority - The Township of Lyndon appoints one member of the authority's five member board. The authority is fiscally independent from the Township. The authority is a component unit of Sylvan Township, Washtenaw County.
5. Western Washtenaw Recycling Authority - The Township of Lyndon appoints one member of the authority's eight member board. The authority is fiscally independent from the Township. The authority is audited as an independent entity in compliance with Public Act 2.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

All interfund balances are short-term in character. Interfund balances are expected to be settled during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 5,488	Current Tax Fund	\$ 5,488
Fire Fund	3,532	Current Tax Fund	3,532
Multi Lake I Debt Service Fund	49	Current Tax Fund	49
Multi Lake Phase II Debt Service Fund	2,769	Current Tax Fund	2,769
Sugarloaf Debt Service Fund	2,175	Current Tax Fund	2,175
Total	<u>\$ 14,013</u>	Total	<u>\$ 14,013</u>

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 4 - DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Public Employees Benefit Services Corporation (PEBSCO). The assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. The Township does not contribute any of its own money to the plan. All money is withheld from each participating individuals' pay check.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2008 was as follows:

	Balance 4/1/2007	Additions	Deletions	Balance 3/31/2008
Land	\$ 108,310	\$	\$	\$ 108,310
Buildings and improvements	103,893			103,893
Equipment	22,201			22,201
 Total capital assets	 234,404			 234,404
 Accumulated depreciation	 (32,604)	 (8,103)		 (40,707)
 Governmental activities capital asset, net	 \$ 201,800	 \$ (8,103)	 \$	 \$ 193,697

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

General government \$ 8,103

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 6 - LONG-TERM DEBT

The following is a summary of Township special assessment debt for the year ended March 31, 2008:

	<u>Balance 4/1/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 3/31/08</u>	<u>Due within one year</u>
Bonds payable to the County of Washtenaw used to finance Multi Lake Sanitary Sewer System Phase II; interest charged at 3.0% to 5.0% matures 2020.	\$ 2,098,853	\$	\$ 178,205	\$ 1,920,648	\$ 178,205
Bonds payable to the county of Washtenaw used to finance Sylvan Township Water and Sewer Authority's sewer system. Interest charged at 1.38% to 4.375% and matures in 2022.	<u>1,936,690</u>		<u>255,500</u>	<u>1,681,190</u>	<u>255,500</u>
	<u><u>\$ 4,035,543</u></u>	<u><u>\$</u></u>	<u><u>\$ 433,705</u></u>	<u><u>\$ 3,601,838</u></u>	<u><u>\$ 433,705</u></u>

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 6 - LONG-TERM DEBT (continued)

The following is a schedule of principal and interest payments to service the long-term obligation of the Township:

Year ended March 31,	Multi Lake Sanitary Sewer System Bonds II		Sylvan SWATH Sewer System Bonds I		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 178,205	\$ 92,550	\$ 255,500	\$ 68,273	\$ 433,705	\$ 160,823
2010	178,205	85,088	153,300	62,780	331,505	147,868
2011	158,404	77,836	153,300	57,989	311,704	135,825
2012	158,404	70,905	109,865	53,575	268,269	124,480
2013	158,404	63,975	114,975	49,497	273,379	113,472
2014 - 2018	792,020	211,865	574,875	179,217	1,366,895	391,082
2019 - 2023	475,211	35,641	574,875	60,640	1,050,086	96,281
Total	2,098,853	637,860	1,936,690	531,971	4,035,543	1,169,831
Less: current portion recorded in debt service fund	(178,205)	(40,094)	(255,500)	(29,778)	(433,705)	(69,872)
Total	<u>\$ 1,920,648</u>	<u>\$ 597,766</u>	<u>\$ 1,681,190</u>	<u>\$ 502,193</u>	<u>\$ 3,601,838</u>	<u>\$ 1,099,959</u>

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Township's deposits and investments are in accordance with statutory authority.

The Township's cash and investments are subject to various types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$3,106,665 of bank deposits (certificate of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

TOWNSHIP OF LYNDON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

The Governmental Accounting Standards Board Statement No. 40 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 400,000	\$ 400,000
Uninsured and uncollateralized	<u>3,096,420</u>	<u>3,106,665</u>
Total deposits	<u><u>\$ 3,496,420</u></u>	<u><u>\$ 3,506,665</u></u>

The carrying amount above includes funds from:

Primary government	\$ 3,402,107
Fiduciary funds	<u>94,313</u>
	<u><u>\$ 3,496,420</u></u>

The investment policy adopted by the board is in accordance with Act 196 PA 1997. The Township's deposits and investments are in accordance with statutory authority.

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Budget Amount			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 93,000	\$ 93,000	\$ 96,423	\$ 3,423
Licenses and permits	12,000	12,000	10,520	(1,480)
State shared revenues	180,000	180,000	174,956	(5,044)
Charges for services	44,000	44,000	52,656	8,656
Interest income			17,077	17,077
Miscellaneous revenues	3,250	3,250	14,660	11,410
Total revenues	332,250	332,250	366,292	34,042
EXPENDITURES				
Township board	68,400	49,775	48,232	1,543
Supervisor	27,086	27,086	23,773	3,313
Elections	16,200	16,200	6,653	9,547
Ordinance officer	22,080	22,080	15,627	6,453
Assessor	28,800	28,800	25,554	3,246
Clerk	32,986	32,986	32,130	856
Board of review	2,100	2,100	1,735	365
Treasurer	31,236	31,236	28,563	2,673
Township hall and grounds	24,500	24,500	19,640	4,860
Unallocated	55,750	70,075	71,775	(1,700)
Planning commission	8,250	10,550	10,504	46
Zoning board of appeals	3,250	3,250	1,742	1,508
Township cleanup	5,000	5,000	5,296	(296)
Landfill closing	4,000	4,000	2,320	1,680
Roads	14,000	16,000	15,993	7
Total expenditures	343,638	343,638	309,537	34,101
Net change in fund balance	(11,388)	(11,388)	56,755	68,143
FUND BALANCE, APRIL 1, 2007	413,310	413,310	413,310	
FUND BALANCE, MARCH 31, 2008	\$ 401,922	\$ 401,922	\$ 470,065	\$ 68,143

LYNDON TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Budget Amount		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Special assessments	\$	\$	\$ 195,195	\$
Fire runs			3,996	
Interest			5,708	
Total revenues	203,254	203,254	204,899	1,645
EXPENDITURES				
Fire authority contract			148,023	
Equipment fund			23,752	
Meeting fees			975	
Transportation			152	
Miscellaneous			3,650	
Total expenditures	199,361	199,361	176,552	22,809
Net change in fund balance	3,893	3,893	28,347	24,454
FUND BALANCE, APRIL 1, 2007	211,056	211,056	211,056	
FUND BALANCE, MARCH 31, 2008	\$ 214,949	\$ 214,949	\$ 239,403	\$ 24,454

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF LYNDON
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2008

	<u>Fire Fund</u>	<u>Public Improvement Fund</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 218,240	\$ 205,884	\$ 424,124
Accounts receivable - other	2,513		2,513
Special assessment receivable	14,547		14,547
Prepaid expenditure	571		571
Due from other funds	<u>3,532</u>		<u>3,532</u>
Total assets	<u><u>\$ 239,403</u></u>	<u><u>\$ 205,884</u></u>	<u><u>\$ 445,287</u></u>
<u>FUND BALANCE</u>			
FUND BALANCE	<u><u>\$ 239,403</u></u>	<u><u>\$ 205,884</u></u>	<u><u>\$ 445,287</u></u>

TOWNSHIP OF LYNDON
ALL DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2008

	<u>Multi-Lake Phase I Debt Service Fund</u>	<u>Multi-Lake Phase II Debt Service Fund</u>	<u>Sugarloaf Debt Service Fund</u>	<u>Totals</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 58,514	\$ 1,282,136	\$ 1,205,855	\$ 2,546,505
Due from other funds	49	2,769	2,175	4,993
Due from county	1,085	29,078	8,283	38,446
Special assessment receivable	<u>82,260</u>	<u>1,438,956</u>	<u>856,018</u>	<u>2,377,234</u>
Total assets	<u>\$ 141,908</u>	<u>\$ 2,752,939</u>	<u>\$ 2,072,331</u>	<u>\$ 4,967,178</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accrued interest payable	\$	\$ 40,093	\$ 29,778	\$ 69,871
Deferred revenue	82,260	1,438,956	856,018	2,377,234
Matured bonds payable	<u></u>	<u>178,205</u>	<u>255,500</u>	<u>433,705</u>
Total liabilities	82,260	1,657,254	1,141,296	2,880,810
FUND BALANCE	<u>59,648</u>	<u>1,095,685</u>	<u>931,035</u>	<u>2,086,368</u>
Total liabilities and fund balance	<u>\$ 141,908</u>	<u>\$ 2,752,939</u>	<u>\$ 2,072,331</u>	<u>\$ 4,967,178</u>

TOWNSHIP OF LYNDON
ALL AGENCY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2008

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 75,570	\$ 18,743	\$ 94,313
Due from others		845	845
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 75,570</u>	<u>\$ 19,588</u>	<u>\$ 95,158</u>
 <u>LIABILITIES</u>			
LIABILITIES			
Due to others	\$ 61,557	\$ 19,588	\$ 81,145
Due to other funds	14,013		14,013
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 75,570</u>	<u>\$ 19,588</u>	<u>\$ 95,158</u>

TOWNSHIP OF LYNDON
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Fire Fund</u>	<u>Public Improvement Fund</u>	<u>Totals</u>
REVENUES			
Special assessments	\$ 195,195	\$	\$ 195,195
Fire run charges	3,996		3,996
Interest	<u>5,708</u>	<u>9,052</u>	<u>14,760</u>
Total revenues	<u>204,899</u>	<u>9,052</u>	<u>213,951</u>
EXPENDITURES			
Fire protection	176,552		176,552
Project costs - township hall	<u></u>	<u>4,640</u>	<u>4,640</u>
Total expenditures	<u>176,552</u>	<u>4,640</u>	<u>181,192</u>
Net changes in fund balances	28,347	4,412	32,759
FUND BALANCE, APRIL 1, 2007	<u>211,056</u>	<u>201,472</u>	<u>412,528</u>
FUND BALANCE, MARCH 31, 2008	<u><u>\$ 239,403</u></u>	<u><u>\$ 205,884</u></u>	<u><u>\$ 445,287</u></u>

TOWNSHIP OF LYNDON
ALL DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2008

	Multi-Lake Phase I Debt Service Fund	Multi-Lake Phase II Debt Service Fund	Sugarloaf Debt Service Fund	Totals
REVENUES				
Special assessments - principal	\$ 13,710	\$ 153,940	\$ 372,620	\$ 540,270
Special assessments - interest	6,126	89,216	68,527	163,869
Interest	<u>1,959</u>	<u>43,330</u>	<u>35,508</u>	<u>80,797</u>
Total revenues	<u>21,795</u>	<u>286,486</u>	<u>476,655</u>	<u>784,936</u>
EXPENDITURES				
Bank fee		37	504	541
Debt service				
Principal		178,205	255,500	433,705
Interest	<u>2,483</u>	<u>96,909</u>	<u>72,038</u>	<u>171,430</u>
Total expenditures	<u>2,483</u>	<u>275,151</u>	<u>328,042</u>	<u>605,676</u>
Net change in fund balance	19,312	11,335	148,613	179,260
FUND BALANCE, APRIL 1, 2007	<u>40,336</u>	<u>1,084,350</u>	<u>782,422</u>	<u>1,907,108</u>
FUND BALANCE, MARCH 31, 2008	<u>\$ 59,648</u>	<u>\$ 1,095,685</u>	<u>\$ 931,035</u>	<u>\$ 2,086,368</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF LYNDON
GENERAL FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 431,478
Accounts receivable - projects	1,058
Taxes receivable	16,488
State shared revenues receivable	27,451
Due from other fund	<u>5,488</u>
Total assets	<u>\$ 481,963</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 11,898
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FUND BALANCE

470,065

\$ 481,963

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 93,000	\$ 96,423	\$ 3,423
Licenses and permits	12,000	10,520	(1,480)
State shared revenues	180,000	174,956	(5,044)
Charges for services	44,000	52,656	8,656
Interest		17,077	17,077
Miscellaneous revenues	3,250	14,660	11,410
Total revenues	332,250	366,292	34,042
EXPENDITURES			
Township board	49,775	48,232	1,543
Supervisor	27,086	23,773	3,313
Elections	16,200	6,653	9,547
Ordinance officer	22,080	15,627	6,453
Assessor	28,800	25,554	3,246
Clerk	32,986	32,130	856
Board of review	2,100	1,735	365
Treasurer	31,236	28,563	2,673
Township hall and grounds	24,500	19,640	4,860
Unallocated	70,075	71,775	(1,700)
Planning commission	10,550	10,504	46
Zoning board of appeals	3,250	1,742	1,508
Township cleanup	5,000	5,296	(296)
Landfill closing	4,000	2,320	1,680
Roads	16,000	15,993	7
Total expenditures	343,638	309,537	34,101
Net change in fund balance	(11,388)	56,755	68,143
FUND BALANCE, APRIL 1, 2007	413,310	413,310	
FUND BALANCE, MARCH 31, 2008	\$ 401,922	\$ 470,065	\$ 68,143

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF REVENUES - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$ 93,000	\$ 96,423	\$ 3,423
LICENSES AND PERMITS	12,000	10,520	(1,480)
STATE SHARED REVENUES	180,000	174,956	(5,044)
CHARGES FOR SERVICES			
Elections		2,261	
Various fees		2,027	
Property tax administration fees		44,295	
Tax collection fee		4,073	
Total charges for services	44,000	52,656	8,656
MISCELLANEOUS REVENUES			
Metro Act		2,855	
Interest income		17,077	
Swamp income		2,711	
Cleanup reimbursement		3,039	
Other		6,055	
Total miscellaneous revenues	3,250	31,737	28,487
Total revenues	\$ 332,250	\$ 366,292	\$ 34,042

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF EXPENDITURES - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
TOWNSHIP BOARD			
Trustee fee	\$	\$ 6,400	\$
Clerical staff		11,791	
Office supplies		2,765	
Audit		5,500	
Legal		9,481	
Computer software		1,760	
Computer consulting		7,638	
Transportation		149	
Engineering		1,753	
Miscellaneous		109	
Printing and publication		886	
	<u>49,775</u>	<u>48,232</u>	<u>1,543</u>
Total township board			
SUPERVISOR			
Supervisor salary		21,486	
Special meeting		1,820	
Office supplies		105	
Assistant		21	
Transportation		341	
	<u>27,086</u>	<u>23,773</u>	<u>3,313</u>
Total supervisor			
ELECTIONS			
Wages		3,111	
Office supplies		1,751	
Transportation		475	
Printing and publication		529	
Miscellaneous		787	
	<u>16,200</u>	<u>6,653</u>	<u>9,547</u>
Total elections			
ORDINANCE OFFICER			
Wages		13,895	
Assistant		160	
Permits		1,255	
Office supplies		90	
Transportation		227	
	<u>22,080</u>	<u>15,627</u>	<u>6,453</u>
Total ordinance officer			

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF EXPENDITURES - AMENDED BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2008

	Amended Budget	Actual	Variance Favorable (Unfavorable)
ASSESSOR			
Assessor wages and fees		24,483	
Supplies and postage		1,071	
Total assessor	28,800	25,554	3,246
CLERK			
Clerk salary		23,986	
Special meetings		845	
Assistant		3,896	
Supplies and postage		1,609	
Transportation		350	
Printing and publication		1,363	
Miscellaneous		81	
Total clerk	32,986	32,130	856
BOARD OF REVIEW			
Wages		1,094	
Printing and publication		453	
Miscellaneous		188	
Total board of review	2,100	1,735	365
TREASURER			
Treasurer salary		22,990	
Assistant salary		1,806	
Special meetings		585	
Supplies and postage		2,392	
Transportation		387	
Printing and publications		403	
Total treasurer	31,236	28,563	2,673
TOWNSHIP HALL AND GROUNDS			
Wages		1,489	
Maintenance		9,700	
Supplies		167	
Communications		2,909	
Internet		488	
Utilities			
Gas		2,999	
Electric		1,888	
Total township hall and grounds	24,500	19,640	4,860

TOWNSHIP OF LYNDON
GENERAL FUND
STATEMENT OF EXPENDITURES - AMENDED BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
UNALLOCATED			
Wages		325	
Taxes - payroll		9,497	
Maintenance		1,393	
Membership and dues		2,743	
Insurance and bonds		13,127	
Education and seminars		3,652	
Equipment rental		4,088	
Tax chargebacks		10,579	
Drain		953	
Miscellaneous		12,472	
Professional fees		12,946	
Total unallocated	<u>70,075</u>	<u>71,775</u>	<u>(1,700)</u>
PLANNING COMMISSION			
Wages		3,405	
Special projects		6,779	
Printing and publication		320	
Total planning and zoning	<u>10,550</u>	<u>10,504</u>	<u>46</u>
ZONING BOARD OF APPEALS			
Fees		1,085	
Transportation		81	
Printing and postage		576	
Total zoning board of appeals	<u>3,250</u>	<u>1,742</u>	<u>1,508</u>
LANDFILL CLOSING	<u>4,000</u>	<u>2,320</u>	<u>1,680</u>
TOWNSHIP CLEANUP	<u>5,000</u>	<u>5,296</u>	<u>(296)</u>
ROADS	<u>16,000</u>	<u>15,993</u>	<u>7</u>
Total expenditures	<u>\$ 343,638</u>	<u>\$ 309,537</u>	<u>\$ 34,101</u>

FIRE
FUND

LYNDON TOWNSHIP
FIRE FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 218,240
Prepaid expenditures	571
Special assessments receivable	14,547
Accounts receivable	2,513
Due from other funds	<u>3,532</u>

Total assets	<u><u>\$ 239,403</u></u>
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FUND BALANCE

FUND BALANCE	<u><u>\$ 239,403</u></u>
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LYNDON TOWNSHIP
FIRE FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments	\$	\$ 195,195	\$
Fire runs		3,996	
Interest		5,708	
Total revenues	<u>203,254</u>	<u>204,899</u>	<u>1,645</u>
EXPENDITURES			
Fire authority contract		148,023	
Equipment fund		23,752	
Meeting fees		975	
Transportation		152	
Dry hydrant		3,650	
Total expenditures	<u>199,361</u>	<u>176,552</u>	<u>22,809</u>
Net change in fund balance	3,893	28,347	24,454
FUND BALANCE, APRIL 1, 2007	<u>211,056</u>	<u>211,056</u>	
FUND BALANCE, MARCH 31, 2008	<u><u>\$ 214,949</u></u>	<u><u>\$ 239,403</u></u>	<u><u>\$ 24,454</u></u>

PUBLIC
IMPROVEMENT
FUND

LYNDON TOWNSHIP
PUBLIC IMPROVEMENT FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS
Cash

\$ 205,884

FUND BALANCE

FUND BALANCE

\$ 205,884

TOWNSHIP OF LYNDON
PUBLIC IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 6,000	\$ 9,052	\$ 3,052
EXPENDITURES			
Project costs - township hall	<u>500</u>	<u>4,640</u>	<u>(4,140)</u>
Net change in fund balance	5,500	4,412	(1,088)
FUND BALANCE APRIL 1, 2007	<u>201,472</u>	<u>201,472</u>	
FUND BALANCE MARCH 31, 2008	<u><u>\$ 206,972</u></u>	<u><u>\$ 205,884</u></u>	<u><u>\$ (1,088)</u></u>

MULTI LAKE
PHASE I
DEBT
SERVICE
FUND

TOWNSHIP OF LYNDON
MULTI LAKE PHASE I DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$	58,514
Due from county		1,085
Due from other fund		<u>49</u>

Total current assets	\$	59,648
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DEFERRED SPECIAL ASSESSMENT RECEIVABLE		<u>82,260</u>
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\$	<u><u>141,908</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$	82,260
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RESERVED FUND BALANCE		<u>59,648</u>
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\$	<u><u>141,908</u></u>
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TOWNSHIP OF LYNDON
MULTI LAKE PHASE I DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments - principal	\$	\$ 13,710	\$
Special assessments - interest		6,126	
Interest		1,959	
Total revenues	21,358	21,795	437
EXPENDITURES			
Interest		2,483	(2,483)
Net change in fund balance	21,358	19,312	(2,046)
FUND BALANCE, APRIL 1, 2007	40,336	40,336	
FUND BALANCE, MARCH 31, 2008	\$ 61,694	\$ 59,648	\$ (2,046)

MULTI LAKE
PHASE II
DEBT
SERVICE
FUND

TOWNSHIP OF LYNDON
MULTI LAKE PHASE II DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 1,282,136
Due from other funds	2,769
Due from county	<u>29,078</u>

Total current assets	\$ 1,313,983
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DEFERRED SPECIAL ASSESSMENT RECEIVABLE	<u>1,438,956</u>
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Total	<u><u>\$ 2,752,939</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 1,438,956
Accrued interest payable	40,093
Matured bonds payable	<u>178,205</u>

Total current liabilities	\$ 1,657,254
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RESERVED FUND BALANCE	<u>1,095,685</u>
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Total	<u><u>\$ 2,752,939</u></u>
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TOWNSHIP OF LYNDON
MULTI LAKE PHASE II DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Special assessments - principal	\$	\$ 153,940	\$
Special assessments - interest		89,216	
Interest		43,330	
Total revenues	219,342	286,486	67,144
EXPENDITURES			
Bond payment - principal		178,205	
Bond payment - interest/fees		96,909	
Bank fee		37	
Total expenditures	277,995	275,151	2,844
Net change in fund balance	(58,653)	11,335	69,988
FUND BALANCE, APRIL 1, 2007	1,084,350	1,084,350	
FUND BALANCE, MARCH 31, 2008	\$ 1,025,697	\$ 1,095,685	\$ 69,988

SUGARLOAF
DEBT
SERVICE
FUND

TOWNSHIP OF LYNDON
SUGARLOAF DEBT SERVICE FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 1,205,855
Due from county	8,283
Due from other funds	<u>2,175</u>

Total current assets	\$ 1,216,313
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DEFERRED SPECIAL ASSESSMENT RECEIVABLE

856,018

Total	<u><u>\$ 2,072,331</u></u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accrued interest payable	\$ 29,778
Matured bonds payable	255,500
Deferred revenues	<u>856,018</u>

Total current liabilities	\$ 1,141,296
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RESERVED FUND BALANCE

931,035

Total	<u><u>\$ 2,072,331</u></u>
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TOWNSHIP OF LYNDON
SUGARLOAF DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments - principal	\$	\$ 372,620	\$
Special assessments - interest		68,527	
Interest income		<u>35,508</u>	<u></u>
Total revenues	<u>132,504</u>	<u>476,655</u>	<u>344,151</u>
EXPENDITURES			
Bond payment - principal		255,500	
Bond payment - interest		72,038	
Project costs - sewer		<u>504</u>	<u></u>
Total expenditures	<u>330,160</u>	<u>328,042</u>	<u>2,118</u>
Net change in fund balance	(197,656)	148,613	346,269
FUND BALANCE, APRIL 1, 2007	<u>782,422</u>	<u>782,422</u>	<u></u>
FUND BALANCE, MARCH 31, 2008	<u>\$ 584,766</u>	<u>\$ 931,035</u>	<u>\$ 346,269</u>

CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF LYNDON
CURRENT TAX COLLECTION FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash

\$ 75,570

LIABILITIES

LIABILITIES

Due to other funds

\$ 14,013

Due to others

61,557

Total liabilities

\$ 75,570

TRUST
AND
AGENCY
FUND

TOWNSHIP OF LYNDON
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2008

ASSETS

ASSETS

Cash	\$ 18,743
Due from others	845
	<hr/>

Total assets	\$ 19,588
	<hr/> <hr/>

LIABILITIES

LIABILITIES

Due to others	\$ 19,588
	<hr/> <hr/>



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

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August 20, 2008

Board of Trustees
Township of Lyndon
17751 N. Territorial Road
Chelsea, Michigan 48118

Dear Honorable Board of Trustees:

During our audit of the Township of Lyndon we came across various matters that we would like to discuss with you as part of our audit presentation for the year ending March 31, 2008.

The matters which we would like to discuss with you are as follows:

There is a new auditing standard (SAS #112) which we are required to follow as your auditing firm. This new standard relates to more formal communications by us to you regarding significant deficiencies in your internal controls and accounting procedures.

There are certain issues (deficiencies) which were previously considered general comments but under the new standard are now considered significant deficiencies.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

We consider the following to be a material weakness of the Township.

- Historically, the Township has relied on independent external auditors in the preparation of their financial statements and required disclosures. The Township has determined that the cost/benefit of preparing the financial statements and disclosures are best served by continuing this practice.
- There is a lack of segregation of duties.

The following are other items we noted during the audit which we do not consider to be material weaknesses, but nonetheless need to be discussed:

- There was missing backup documentation for invoices paid.
- The debt service funds should be reviewed annually to determine an adequacy of resources to service the bond interest and principal.

Conclusion

Thank you for your assistance and hospitality toward our firm while conducting the audit of the Township of Lyndon.

If you should have any questions, comments or concerns please do not hesitate to call us.

This report is intended solely for the information and use of the Board of Trustees and management of the Township of Lyndon and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants